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September 15, 2003

The Honorable William M. Nickerson
United States District Court
for the District of Maryland
101 W. Lombard Street
Baltimore, Maryland 21201

Re: United States of America v. John Rachel, et al, Case No: WMN 02 CV 754

Dear Judge Nickerson:

We are writing in response to the Government's letter to you dated September 10, 2003. It is not the practice of the undersigned to engage in personal attacks on counsel or to respond in detail to such arguments. We will say only that, as has been the case throughout, Government counsel's statements are inaccurate.

Defendants have been willing to discuss settlement, and have asked Government counsel to address the matter realistically. To date, that has not occurred. Defendants would not object if the Court refers the issue to a magistrate judge for assistance in this endeavor, if the Court believes it could be helpful.

If the Court does not wish to refer the matter to a settlement judge, we agree with Government counsel that the issue of damages likely can be dealt with by paper submission. The Government's theory of the case on which we understand that the Court has granted summary judgment as to all the defendants' joint and several liability (Counts I-III of the Complaint) is that defendant RGI was permitted to sell the laptop hinge kits to DMSI for only RGI's invoiced cost from TDR (approximately \$23.20 for most of the kits) plus 5%. RGI sold most of the kits to DMSI for approximately \$122.85. The damages, therefore, are a result of mathematical calculations.

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We await a notice from the Court to determine if the Court wishes to send the parties to a settlement magistrate judge.

Very truly yours,

Edward J. Tolchin

cc: Ms. Tamara Fine
Clients